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Manufacturing Products Increase Their Share of Total Milk Production

The Dairy Situation, Economic Research Service, USDA, June 1962

Manufactured dairy products in the first quarter of 1962 utilized nearly 50 percent of total milk production compared with slightly more than 47 percent a year earlier. Milk available for other uses, including fluid milk and cream and minor manufactured products, was slightly less than a year earlier.

Nearly 7 percent more milk was used for manufactured products in the first quarter than in the same period of 1961, while milk production rose only 2 percent. The increase in the amount of milk available for manufacturing was changed into butter and nonfat dry milk. Use of milk for butter increased more than 15 percent. This increase more than absorbed the 7 percent increase in milk for manufacturing and the 4 percent drop in milk used for making cheese.

Some of the heavy increase in butter production has been due to a shift of milk during February and March, to butter and nonfat dry milk from evaporated and condensed milk, dry whole milk, and other products not purchased by CCC under the price support program. Because of the expected drop in the price support level, production of these products was reduced and consumption requirements were supplied from

storage stocks. In April, utilization of milk in evaporated, condensed, and dry whole milk increased 18 percent over March compared with 11 percent a year ago. However, April production of these products was 12 percent below a year earlier.

In April and May, butter production continued to absorb a larger proportion of milk than a year earlier, while cheese took less. This development has been somewhat unexpected, since the April 1 drop in CCC purchase price for cheese was less than those for butter and nonfat dry milk.

This utilization of milk for manufactured dairy products has been reflected in the 1962 changes in the production of dairy products from a year earlier, and in differences between April and May and the first quarter of 1962.

Butter production was up 15 percent in the first quarter of 1962, and 11 percent in April and 10 percent in May above a year earlier. April production, however, was slightly below March, and the April to May increase was 21 million pounds, about the same as last year.

American cheese production was about 5 percent below the high rate of a year earlier during the first

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CCC Purchases Increase Sharply In 1962

The Dairy Situation, Economic Research Service, USDA, June 1962

As indicated by the production pattern of manufactured products, CCC purchases of butter during the first 5 months of 1962 have been extremely high, over 252 million pounds, about 78 percent above a year earlier. If this rate continues, butter purchases in calendar 1962 are likely to exceed 400 million pounds.

Purchases in April and the first week of May were 30 million pounds, 12 million pounds lower than a year earlier, reflecting the very heavy sales to CCC during March in anticipation of the lower price support levels. In March, CCC purchased 83 million pounds of butter.

Cheese purchases also showed the effect of the lower support levels. CCC bought 40 million pounds in March, including 27 million in the last week of March compared with 16 million pounds in April. Total purchases for January-May 1962 were 115.6 million pounds compared with 8.0 million pounds in the first 5 months of 1961.

Nonfat dry milk deliveries in January-May 1962 were 684 million pounds, 67 percent above a year ago. Deliveries in April were only 109 million pounds, as a result of heavy March deliveries of 192 million

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Columbus

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY

Producers' Uniform Price (3.5%)
Producers' Uniform Price (4%)	.....
Class I (3.5%)	.....
Class II (3.5%)	.....
Class III (3.5%)	.....
Class IV (3.5%)	.....
Producer Butterfat Differential for each one-tenth percent	.....

July 1962	June 1962	July 1961
\$3.56	\$3.45	\$3.89
3.915	3.805	4.27
4.12	4.12	4.48
3.752	3.769	4.08
3.556	3.552	3.784
2.936	2.932	3.164
7.1¢	7.1¢	7.6¢

UTILIZATION SUMMARY

Percent of Producer Milk in Class I	.....
Percent of Producer Butterfat in Class I	.....
Percent of Producer Milk in Class II	.....
Percent of Producer Butterfat in Class II	.....
Percent of Producer Milk in Class III	.....
Percent of Producer Butterfat in Class III	.....
Percent of Producer Milk in Class IV	.....
Percent of Producer Butterfat in Class IV	.....

72.7	64.4	73.1
72.9	64.4	72.6
8.2	8.0	8.8
2.2	2.4	2.7
5.0	4.6	4.6
7.2	6.4	6.5
14.1	23.0	13.5
17.7	26.8	18.2

PRODUCTION SUMMARY

Total Pounds of Producer Milk Delivered	.....
Average Daily Class I Producer Milk	.....
Total Number of Producers	.....
Average Daily Production per Producer	.....
Average Butterfat Test	.....
Total Value of Producers Milk at Test	.....
Income per Producer (7 day average)	.....

31,679,728	34,859,645	28,284,509
743,540	748,060	666,590
1,311	1,313	1,241
780	885	735
3.59	3.61	3.61
\$1,251,320.17	\$1,346,549.45	\$1,218,823.99
\$215.53	\$239.30	\$221.77

GROSS CLASS USE (Pounds)

Class I Skim	.....
Class I Butterfat	.....
Class I Milk	.....
Class II Skim	.....
Class II Butterfat	.....
Class II Milk	.....

22,222,070	21,631,695	19,922,017
827,688	810,117	742,288
23,049,758	22,441,812	20,664,305
2,586,504	2,775,736	2,536,016
25,647	30,552	27,528
2,612,151	2,806,288	2,563,544

AVERAGE DAILY SALES (Quarts)

Milk	.....
Buttermilk	.....
Chocolate	.....
Skim	.....
Cream	.....

260,484	279,286	260,239
5,370	5,726	5,634
10,743	11,410	10,673
10,114	11,122	11,330
7,764	8,646	7,755

COMPARATIVE STATISTICS



COLUMBUS MARKETING AREA

☆ JULY, 1953 - '62

Year	Receipts from Producers	Average Butter-fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1953.....	22,845,408	3.79	68.9	23.0	8.1	—	4.03	4.573	4.173	3.427	—	2,223	331
1954.....	23,554,889	3.76	67.6	7.8	14.8	9.8	3.53	4.20	3.80	3.22	3.05	2,158	352
1955.....	24,524,882	3.69	67.9	8.0	12.2	11.9	3.64	4.282	3.883	3.315	3.137	2,086	379
1956.....	25,619,223	3.74	67.7	8.8	10.6	12.9	3.84	4.602	3.942	3.372	3.197	2,044	404
1957.....	25,721,802	3.66	72.3	8.2	14.9	4.6	3.79	4.379	3.979	3.479	3.057	1,906	435
1958.....	25,099,314	3.67	72.0	8.8	11.0	8.2	3.51	4.079	3.679	3.279	2.856	1,808	448
1959.....	26,599,943	3.67	79.6	8.3	4.1	8.0	3.76	4.293	3.893	3.499	2.879	1,749	491
1960.....	27,223,982	3.67	75.5	7.8	3.5	13.2	3.63	4.206	3.806	3.514	2.883	1,644	534
1961.....	28,284,509	3.61	73.1	8.8	4.6	13.5	3.89	4.48	4.08	3.784	3.164	1,241	735
1962....	31,679,728	3.59	72.7	8.2	5.0	14.1	3.56	4.12	3.752	3.556	2.936	1,311	780

Growing Butter Storage Increases Total Stocks

The Dairy Situation, Economic Research Service USDA, June 1962

Total stocks of manufactured dairy products at the end of April were 11.8 billion pounds of milk equivalent compared with 6.5 billion pounds a year earlier. Larger butter stocks accounted for 4.7 billion pounds of the gain, and increased cheese stocks for about 0.7 billion pounds. Stocks of evaporated and condensed milk and cream were lower. Practically all of the increase in butter, cheese, and nonfat dry milk stocks was in Government holdings. Government stocks of butter at the end of May were 337 million pounds compared with 48 million pounds in commercial holdings. Government stocks of American cheese, however, were only 82 million pounds, and commercial stocks were 333 million pounds. CCC uncommitted holdings on June 13 were 347

million pounds of butter, 87 million pounds of cheese, and 411 million pounds of nonfat dry milk.

The January-May rate of butter production indicates that 1962 production will approximate 1,600 million pounds. Assuming domestic consumption at the 1961 rate, 7.5 pounds per person, and military use unchanged, about 1,400 million pounds could be consumed. This leaves about 200 million pounds which must be added to stocks, unless it can be disposed of abroad.

Earlier this year, CCC offered 200 million pounds of butter for foreign donation through charitable agencies. About 455 million pounds of edible oils, however, have been purchased since October 1, 1961 for foreign do-

nation. At present, the available world outlets for donated food fats and oils appear to be able to accommodate about 400 million pounds annually. Because the various edible fats and oils, including butter, generally are interchangeable in these outlets, there is little prospect that much butter can be donated abroad until late 1962 unless it can be substituted for some of the fats and oils already programmed. Since foreign disposition of butter during 1962 is likely to be small, Government stocks of butter at the end of 1962 are expected to be sharply above closing stocks of 1961. This accumulation of butter probably will cause closing stocks of manufactured dairy products to reach a record level in 1962.

Corn Supply For 1962-63 Down 8 Percent

The Feed Situation, Economic Research Service USDA, July 1962

The total supply of corn for 1962-63 is now estimated at 5,169 million bushels, 8 percent below supplies in 1961-62. While the supply is smaller than in any of the past 3 years, it is larger than in any year prior to 1959 and 5 percent above the 1956-60 average. The prospective smaller supply this year is the result of reductions in both carryover and production. The 1962 crop, estimated in July at 3,518 million bushels, would be about 3 percent smaller than the 1961 crop and nearly 400 million

bushels below the record harvest in 1960. The carryover of corn next October 1 is expected to total about 1,650 million bushels, about 350 million bushels below the record carryover on October 1, 1961. If the 1962 crop turns out to be about 3.5 billion bushels, as indicated in July, it probably would again fall considerably short of total requirements, resulting in another substantial reduction in carryover stocks during the 1962-63 marketing year.

The total disappearance of corn in

1961-62 is expected to total close to 4.0 million bushels, an increase of about 8 percent over 1960-61 and 22 percent above the 1956-60 average. Both domestic use and exports are the largest of record. Domestic use in 1961-62 is expected to be about 5 percent higher than in 1960-61 and 17 percent above the 1956-60 average. Exports of corn in 1961-62, including grain equivalent of products, are now expected to total around 420 million bushels, more than a hundred million above the previous record quantity exported in 1960-61.

CCC PURCHASES INCREASE . . .

(Continued from Front Page)

pounds to the Government in anticipation of the April 1 drop in Government purchase prices. Heavy deliveries in May, 150 million pounds, reflect seasonally rising milk production and a larger proportion of milk production than last year used for butter and nonfat dry milk.

Indications from the January-May purchase pattern and rate of milk production are that CCC purchases in calendar 1962 may exceed the 8.0 billion pounds purchased in 1961 by several billion pounds of milk equivalent.

Domestic distribution of CCC supplies of butter, cheese, and nonfat dry milk in the first quarter of 1962 amounted to 50 million pounds of butter, 44 million pounds of cheese, and 60 million pounds of nonfat dry milk compared with 41 million pounds of butter, $\frac{3}{4}$ million pounds of cheese, and 47 million pounds of nonfat dry milk a year earlier.

Drink More Milk

USE MORE

DAIRY PRODUCTS

MANUFACTURING PRODUCTS . . .

(continued from front page)

quarter of 1962, and 4 percent lower during the first 5 months. In May, American cheese production increased 27 million pounds over April as compared with 23 million pounds increase a year earlier, and was only 1 percent below last May's production.

Nonfat dry milk continued to break production records for each month in 1962. Production in the first 4 months of 1962 was 15 percent above a year earlier.

Ice cream production, recovering from its doldrums of 1961, was 3

percent higher in the first four months of 1962 than a year earlier, and in April was 8 percent higher. Evaporated and condensed milk production increased seasonally during April as manufacturers began to replace depleted stocks.

Indications are that total supplies of manufactured products will be substantially higher in 1962 than 1961. However, the bulk of the increase will be in butter. Stocks and production of cheese, evaporated and condensed milk, and dry whole milk could be below last year's levels, but in any case will be ample for consumption requirements and prospective exports.

Market Quotations

JULY
1962

MINNESOTA - WISCONSIN PRICE SERIES	\$3.03
MIDWEST CONDENSERIES 3.5% per Cwt.	2.897
4 CONDENSERIES (Tri-State) 3.5% per Cwt.	2.700
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	3.056
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Tri-Sate)	2.954
Average Weekly Cheddars price per lb. . . . .	.3300
Average price per lb. 92-score butter at Chicago . . . . .	.57960
Average carlot prices non-fat dry milk solids, roller and spray process, f.o.b. manufacturing plant1337

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DRINK MILK**

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